

Regular Session, 2010

SENATE BILL NO. 677

BY SENATOR HEBERT

INSURERS. Provide for investments of domestic insurers. (8/15/10)

1 AN ACT

2 To amend and reenact R.S. 22:598(11), 692(3), and 703(K), relative to financial solvency
3 and reporting requirements; to provide for investments of domestic insurers; to
4 provide for investments in electronic data processing equipment; to provide
5 definitions; to provide for a disclaimer of affiliation; and to provide for related
6 matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 22:598(11), 692(3), and 703(K) are hereby amended and reenacted
9 to read as follows:

10 §598. Admitted assets

11 For the purposes of this Subpart, the following assets, if owned by a domestic
12 insurer, shall be known as admitted assets:

13 * * *

14 (11) Electronic ~~and mechanical machines constituting a~~ data processing
15 **equipment as defined by the NAIC Accounting and Procedures Manual** and
16 ~~accounting system, if the cost of such system is at least ten thousand dollars, which~~
17 ~~costs shall be amortized in full over a period not to exceed ten calendar years. The~~

1 ~~book value of the apparatus and equipment shall not exceed two percent of the~~
2 ~~admitted assets of the insurer.~~

3 * * *

4 §692. Definitions

5 As used in this Subpart, the following terms shall have the respective
6 meanings hereinafter set forth, unless the context shall otherwise require:

7 * * *

8 (3) "Control" means the possession, direct or indirect, of the power to direct
9 or cause the direction of the management and policies of a person, whether through
10 the ownership of voting securities, by contract other than a commercial contract for
11 goods or nonmanagement services, or otherwise, unless the power is the result of an
12 official position with or corporate office held by the person. Control shall be
13 presumed to exist if any person, directly or indirectly, owns, controls, holds with the
14 power to vote, or holds proxies representing ten percent or more of the voting
15 securities of any other person. This presumption may be rebutted by a showing ~~made~~
16 ~~in the manner provided by R.S. 22:703(K)~~ that control does not exist in fact. The
17 commissioner may determine, after furnishing all persons in interest notice and
18 opportunity to be heard and making specific findings of fact to support such
19 determination, that control exists in fact, notwithstanding the absence of a
20 presumption to that effect.

21 * * *

22 §703. Registration of insurers

23 * * *

24 K. Disclaimer. Any person may file with the commissioner a disclaimer of
25 affiliation with any authorized insurer, or such a disclaimer may be filed by such
26 insurer or any member of an insurance holding company system. The disclaimer
27 shall fully disclose all material relationships and bases for affiliation between such
28 person and such insurer as well as the basis for disclaiming such affiliation. After a
29 disclaimer has been filed, the insurer shall be relieved of any duty to register or

1 report under this Section which may arise out of the insurer's relationship with such
2 person unless and until the commissioner disallows such a disclaimer. **The person**
3 **filing such a disclaimer shall notify the commissioner of any material change to**
4 **the affiliations and relationships as reported in the disclaimer within thirty days**
5 **of the effective date of the change.** ~~The commissioner shall disallow such a~~
6 ~~disclaimer only after furnishing all parties in interest with notice and opportunity to~~
7 ~~be heard and after making specific findings of fact to support such disallowance.~~

8 * * *

The original instrument and the following digest, which constitutes no part
of the legislative instrument, were prepared by Mary Dozier O'Brien.

DIGEST

Present law includes as admitted assets of an insurer any electronic and mechanical machines constituting a data processing and accounting system provided the cost is at least \$10,000 which costs are amortized in full over a period not to exceed 10 years.

Proposed law eliminates "mechanical machines" and includes as admitted assets electronic data processing equipment as defined in the NAIC Accountancy and Procedures Manual.

Proposed law removes any qualifications on the cost and on the value of such data processing equipment, in order to be an admitted asset.

Present law provides that the presumption of control of an insurer in an insurance holding company may be overcome by use of a disclaimer. Proposed law deletes provision for use of disclaimers and allows the presumption of control to be rebutted by a showing that control does not exist in fact.

Present law provides for a disclaimer of affiliation with an insurer, and authorizes the commissioner of insurance to disallow the disclaimer after furnishing all parties in interest notice and opportunity to be heard and after making specific findings of fact to support disallowance.

Proposed law removes this provision and requires a person filing a disclaimer to notify the commissioner of any material change to the affiliations and relationships as reported in the disclaimer within 30 days of the change.

Effective August 15, 2010.

(Amends R.S. 22:598(11), 692(3), and 703(K))